

RECORD OF SALES AND EARNINGS

Year	Number of Stores	Sales	Earnings per share on Common Stock Outstanding
1912	1	\$32,382.71	N
1913	2	42,183.99	O
1914	3	92,640.38	T
1915	5	116,009.19	I
1916	5	151,464.52	N
1917	6	149,465.64	C
1918	7	276,449.11	O
1919	17	502,445.43	R
1920	17	751,984.16	P
1921	26	1,157,233.90	O
1922	33	1,750,066.32	R
1923	51	3,564,946.51	A
1924	68	5,114,338.79	T
1925	86	6,897,413.59	E
1926	112	9,985,073.71	D
1927	151	15,069,158.69	\$4.68
1928	210	20,609,366.02	6.42
1929	279	27,789,369.40	8.28
1930	335	30,187,391.73	*3.06
1931	379	31,146,802.06	3.65
1932	406	33,121,669.83	4.62
1933	417	35,146,574.03	\$3.15
1934	431	41,054,217.93	2.22
1935	450	43,388,611.37	1.73
1936	461	48,376,510.11	1.07
			3.06
			5.38
			4.94
			6.03

* 300% Stock Dividend issued September 1st, 1926.

† 50% Stock Dividend and Rights to subscribe to 10% of holdings issued May 1st, 1929.

OFFICERS

C. T. NEWBERRY.....*Chairman of the Board*
J. J. NEWBERRY.....*President*
E. A. NEWBERRY.....*Vice-Pres. and Treas.*
J. L. BOUGHNER.....*Vice-President*
T. H. HOCHSTRASSER.....*Vice-President*
W. C. SCHULZ.....*Secy. and Asst. Treas.*
J. H. EWEN.....*Asst. Secy. and Asst. Treas.*

DIRECTORS

C. T. NEWBERRY
J. J. NEWBERRY
E. A. NEWBERRY
J. L. BOUGHNER
T. H. HOCHSTRASSER
C. V. PALLISTER
W. C. SCHULZ
F. R. SMITH
J. H. EWEN
WALTER WILLIAMS

J. J. NEWBERRY CO.

NEW YORK

ANNUAL REPORT

DECEMBER 31, 1936

J. J. NEWBERRY CO.

AND SUBSIDIARY COMPANIES

Consolidated Balance Sheet As At December 31, 1936

ASSETS

CURRENT ASSETS:

Cash in Banks, on Hand and in Transit	\$ 2,841,714.91
Miscellaneous Accounts Receivable (less Reserve \$3,207.42)	31,992.62
Merchandise—based on physical inventories certified by responsible officials of the Companies and priced at the lower of cost or market	7,164,991.83
Total Current Assets	10,038,699.36
Notes Receivable of Employees—secured by capital stock of the Company	18,994.63
Investments in and Advances to Other Companies—at cost ..	21,205.98

PROPERTY AND EQUIPMENT:

Land, Buildings and Improvements—at cost	\$8,546,069.81
Less Reserve for Depreciation	481,513.46
	8,064,556.35
Alterations and Improvements to Leased Premises—at or below Cost. \$3,525,122.40	3,525,122.40
Less Reserve for Amortization ..	1,066,732.05
	2,458,390.35
Furniture and Fixtures—at Cost ..	8,060,457.85
Less Reserve for Depreciation ..	2,646,488.27
	5,413,969.58
	15,936,916.28

PREPAID EXPENSES AND

DEFERRED CHARGES:

Unexpired Insurance, Supplies, Prepaid Rents, Taxes, Etc. ..	336,797.53
Deferred Charges	39,519.36
	376,316.89
	<u>\$26,392,133.14</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable, Bonuses, Accrued Interest, Etc.	\$ 1,767,144.13
Provision for Federal Taxes on Income and Capital Stock Tax	725,172.57
Total Current Liabilities ..	2,492,316.70
Mortgages Payable on Real Estate: Demand	\$ 115,000.00
Term	2,669,525.00
	2,784,525.00
(\$319,350.00 estimated to be paid on Mortgages in 1937).	
Five Year 3% % Notes due May 1, 1940	2,500,000.00
Reserve for Self-Insurance (Fire and Hold-up)	114,941.65
Preferred Stock of Subsidiary, J. J. Newberry Realty Co., in hands of public (Dividends paid to November 1, 1936):	
6½% Cumulative Preferred, Series "A" — 10,000 shares of \$100.00 each, less 14 shares in Treasury	993,600.00
6% Cumulative Preferred, Series "B" — 610 shares of \$100.00 each	61,000.00
	1,059,600.00

CAPITAL STOCK AND SURPLUS:

5% Preferred, Series "A" — Par Value \$100.00 per share:	
Authorized, 75,000 shares.	
Issued, 49,986 shares	4,998,600.00
Common, No Par Value:	
Authorized, 800,000 shares.	
Issued, 395,314 shares	5,208,571.89
Earned Surplus	7,520,515.32
Paid-in Surplus	16,024.89
	17,743,712.10
Less Cost of 14,868 shares of Common Stock in Treasury..	302,962.31
	17,440,749.79
	<u>\$26,392,133.14</u>

Consolidated Profit and Loss Account For the Year ended December 31, 1936

Sales	\$48,376,510.11
Cost of merchandise sold and operating expenses, including general and administrative expenses, and after deducting income from rentals	44,124,814.36
	4,251,695.75
Deduct:	
Interest on Funded Debt	\$100,000.00
Interest on Mortgages and Other Interest	145,572.30
Provision for Depreciation and Amortization	667,932.34
Other Expenses—Net	16,072.60
	929,577.24
	3,322,118.51
Provision for Federal Income Tax and Surtax on Undistributed Profits (\$187,075.07)	683,261.57
	2,638,856.94
Dividends paid on preferred capital stocks of J. J. Newberry Realty Co. in hands of the public	68,571.06
Net Income for the Year ended December 31, 1936...	<u>\$ 2,570,285.88</u>

Consolidated Surplus Account

Balance as at December 31, 1935.	\$ 7,079,310.41
Net Income for the Year ended December 31, 1936	2,570,285.88
	9,649,596.29
Deduct:	
Balance of certain store improvements unamortized at December 31, 1936—written off	\$404,018.00
Additional Depreciation on Furniture and Fixtures (Restaurant Equipment) applicable to 1934 and 1935	47,837.78
Premium on 7% Preferred Stock retired, less profit of \$43,209.70 on cancellation of such stock held in Treasury	438,200.30
Federal Income Tax applicable to prior years, less sundry adjustments—Net	35,349.01
	925,405.09
	8,724,191.20
Dividends:	
7% Preferred Stock (redeemed May 1, 1936)	87,133.09
5% Preferred Stock, Series "A" (Issued May 1, 1936)	187,447.50
Common Stock—\$2.40 per share.	913,070.40
	1,187,650.99
Balance as at December 31, 1936 (Including \$16,024.89 Paid-in Surplus)	<u>\$ 7,536,540.21</u>

The Board of Directors,

J. J. NEWBERRY CO., New York, N. Y.

We have made an examination of the Consolidated Balance Sheet of J. J. Newberry Co. and Subsidiary Companies as at December 31, 1936, and of the Consolidated Profit and Loss and Surplus Accounts for the year 1936. In connection therewith, we examined or tested accounting records of the Companies and other supporting evidence and obtained information and explanations from officers and employees of the Companies; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the accompanying Consolidated Balance Sheet and related Consolidated Profit and Loss and Surplus Accounts fairly present, in accordance with accepted principles of accounting consistently maintained by the Companies during the year under review, their consolidated position at December 31, 1936, and the results of their operations for the year.

New York, N. Y., February 18, 1937.

PEAT, MARWICK, MITCHELL & CO.